

From the Handbook for Business, the Bible

14: A time to collect the harvest

These are interesting times to say the least. I sense a lot of baby boomers have just about had enough of the tough economic times & social changes and would like to get out of business.

The fact is, as most business owners don't have an automatic buyer within the family there will come a day when they or their executors will offer the business for sale.

In other words, to sell out or as the Handbook declares in Ecclesiastes 3:2, there was...

"...*a time to plant* [i.e., to start or buy a business] *and a time to collect the harvest* [to sell]" Voice

...Also, as stewards we are required to act in accord with the will the true owner (**Psalm 24:1**).

And no doubt, that's when the fun or, maybe for some, the heartache begins:

Indeed! After decades of working in the small business sector, I can say this about sellers:

Most don't know what buyers want namely, *excellent profits, cashflow, growth potential & ROI*

Most don't know what their business is worth and usually, *it's a lot less than the asking price*

Most don't know how to prepare & present their business for sale; *the accountant's rehashed profit figures in a Section 52, is just the starting point with so much more information needed.*

These missing factors help explain why only about 1/3 of businesses sell for the asking price; the rest are sold at discounted, even liquidation prices; or they sell some assets...or just shut down.

What should owners do to prepare their business for sale?

To collect a good harvest when you sell your business there are 3 things you must do in addition to the obvious, i.e., ensuring your decision to sell lines up with the will of God (**Proverbs 16:9**).

First, think like a buyer, not a seller so you are prepared for all possible outcomes...

...It's not like selling a house or car - businesses are not tangible assets with set market values

...Whatever you think, assume prospective buyers think the opposite, especially re the value.

Second, assume the buyer will be an investor who won't be working in the business...

...A manager will be employed to run the operation on a package of say, \$80k - \$120k

...If your pay as manager is less, then adjust your profit figures & valuation accordingly.

Third, prove the current operation is well organised and can function without you...

...So, if either is amiss, the business is not ready for sale and it would be unwise to try

...There needs to be a complete Ops Manual documenting all tasks, systems, procedures & jobs.

Any final thoughts can you offer to help business sellers collect the best harvest?

1: Remember, prospective buyers have the money and a desire to part with the least amount! If there's any reason to discount your asking price, they will jump at it; OR simply pull out of a deal; OR wait for a liquidation sale (beware, time-kills-deals - if it's all taking too long, they'll pull out).

2: Keep in mind, your buyer could be a competitor or business expanding into your industry who may want your IP, your customer data base or simply to remove you as a competitor

Finally, be patient; it can take 12 to 18 months to prepare & sell a business, allowing the owner to collect the best harvest!